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## Barriers to European Growth

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# Barriers to European Growth

## A Transatlantic View

ROBERT Z. LAWRENCE  
CHARLES L. SCHULTZE  
Editors

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## Foreword

IN THE early 1970s, after more than two decades of unparalleled performance, the economies of the major European countries began to falter. Economic growth slowed sharply during the remainder of the 1970s as inflation and unemployment both rose. In the first half of the 1980s growth slowed further, and though inflation eventually subsided, unemployment grew even more rapidly.

While economic performance deteriorated in all industrial countries after 1973, the distinguishing feature of the European experience has been the behavior of unemployment. For Europe as a whole it has risen in almost every year since 1973, now standing at 11 percent of the labor force.

This study reports on a joint undertaking by American and European economists and other experts to examine the principal European economies in an effort to understand the causes of the high unemployment and to offer some suggestions for policy. An initial planning conference was held in February 1986. Eight American authors then prepared papers on various aspects of the European economies. The papers were presented at a conference held at Brookings in October 1986, where they were discussed and evaluated by a group of European economists and government officials. The papers, the formal comments, and summaries of the general discussion are presented in this volume. The volume is introduced by an overview chapter, written by the editors, that summarizes the major findings of the study and, building on those findings, offers a number of suggestions about the causes and remedies for European unemployment.

The editors of the volume, Robert Z. Lawrence and Charles L. Schultze, are senior fellow and director of the Brookings Economic Studies program, respectively. During the course of the project, all the American authors visited Europe, where government officials, university economists, and many research organizations gave them extensive



help. In particular, the editors and authors wish to thank the many staff members of the Commission of the European Communities and the Organization for Economic Cooperation and Development who steered them to data sources, provided institutional lore, and offered useful analytic suggestions.

Barbara de Boinville, Caroline Lalire, Jeanette Morrison, and James R. Schneider edited the manuscript; Victor M. Alfaro, Gregory I. Hume, Carl L. Liederman, Dale B. Thompson, and Almaz S. Zelleke verified its factual content; and Florence Robinson prepared the index. Research assistance to the editors was provided by Tamara Giles, Gregory I. Hume, and Carl L. Liederman. Evelyn M. E. Taylor assisted the editors in arranging both conferences, and Anita G. Whitlock managed the flow of manuscripts and correspondence in preparing the final volume.

This project was supported by the German Marshall Fund of the United States and the Rockefeller Foundation, for which Brookings is very grateful.

The views expressed in this volume are those of the authors and discussants and should not be attributed to the people and organizations whose assistance is acknowledged above, or to the trustees, officers, or other staff members of the Brookings Institution.

BRUCE K. MACLAURY  
*President*

*September 1987*  
*Washington, D.C.*

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